September 22, 2006

Mr. Aron Seiken, President
Nuclear Logistics Incorporated
7450 Whitehall Street
Fort Worth, TX 76118

SUBJECT: NRC INSPECTION REPORT 99901298/2006-201

Dear Mr. Seiken:

On August 14-18, 2006, U.S. Nuclear Regulatory Commission (NRC) inspectors conducted an inspection at the Nuclear Logistics Incorporated (NLI) facility in Fort Worth, Texas. The enclosed report presents the details of the inspection.

This was a limited scope inspection which focused on the quality assurance (QA) program that has been established by NLI to implement the provisions of Part 21 of Title 10 of the *Code of Federal Regulations* (10 CFR Part 21), "Reporting of Defects and Noncompliance," which establishes requirements for the implementation of Section 206 of the Energy Reorganization Act of 1974. Additionally, this NRC inspection report is not intended to endorse or approve your overall quality assurance or 10 CFR Part 21 program. Based upon the limited review of records and discussions with NLI personnel, the inspectors concluded that the control of NLI's 10 CFR Part 21 and QA program related activities were generally acceptable with the exception of two non-conformances in regard to commercial grade dedication documentation.

In accordance with 10 CFR 2.390 of the NRC's "Public inspections, exemptions, requests for withholding," a copy of this letter, its enclosures and any associated correspondence will be placed in the NRC's Public Document Room (PDR).

Sincerely,

/RA/

Michael E. Mayfield, Director
Division of Engineering
Office of Nuclear Reactor Regulation

Docket No.: 99901298

Enclosure: 1. Notice of Nonconformance
2. Inspection Report 99901298/2006-201

cc w/encl: Mr. Archie C. Bell
Vice President, Quality Assurance
Nuclear Logistics Incorporated
7450 Whitehall Street
Fort Worth, TX 76118

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Fort Worth, TX 76118

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DATE	09/20/06	09/20/06	09/20/06	09/20/06	09 / 22/06

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NOTICE OF NONCONFORMANCE

Nuclear Logistics, Incorporated
Fort Worth, Texas

Docket Number 99901298
Inspection Report Number 2006-201

Based on the results of a Nuclear Regulatory Commission (NRC) inspection conducted August 14-18, 2006, of activities performed at Nuclear Logistics, Incorporated (NLI), it appears that certain activities were not conducted in accordance with NRC requirements.

1. Criterion XV, “Nonconforming Materials, Parts, or Components," of Appendix B to Title 10 of the *Code of Federal Regulations* (10 CFR Part 50), states, in part, that measures shall be established to control materials, parts, or components which do not conform to requirements in order to prevent their inadvertent use or installation. These measures shall include, as appropriate, procedures for identification, documentation, segregation, disposition, and notification to affected organizations. Nonconforming items shall be reviewed and accepted, rejected, repaired, or reworked in accordance with documented procedures.

   The NLI Quality Assurance Manual (QAM), “Quality Assurance Manual,” Revision 6, dated December 8, 2004, describes, in part, the general requirements for the control of non-conforming materials, parts, and services. Section 15.3.6 of the QAM requires, in part, that the evaluation, disposition, processing, and further control of a non-conforming issue will be documented on a non-conformance document. Section 16.4.0 also states that the disposition of non-conforming items will be documented along with the basis for disposition.

   Procedure NLI-QUAL-06, “Nonconformance Reporting, Corrective, and Preventive Action,” Revision 12, Section 3.1, states, in part, that a Discrepancy Report (DR) is prepared upon identification of a discrepancy condition. It further states in Section 3.2 that an evaluation of DR will be performed to resolve the discrepancy, and the methods to be used to resolve the discrepancy can include a documentation review with supporting analysis, performance of engineering evaluations, and witnessing of additional activities or perform inspections.

   Contrary to the above, NLI did not establish adequate measures to control parts or components which do not conform to requirements. Specifically, NLI Verification Plan (VP) #VP-1368521-1 Rev. 1, did not contain any documented evidence (i.e. a discrepancy report) providing an adequate technical justification for the acceptance of gearboxes with an identified material discrepancy. This issue is identified as Nonconformance 99901298/2006-201-01.

2. Criterion V, “Instructions, Procedures, and Drawings” of Appendix B to 10 CFR Part 50, states, in part, activities affecting quality shall be prescribed by documented instructions, procedures, and drawings... and shall be accomplished in accordance with these instructions, procedures, and drawings.

The NLI Quality Assurance Manual (QAM), Revision 6, dated December 8, 2004, states, in Section 5, “Instructions, Procedures, and Drawings,” activities affecting quality will be prescribed by and performed in accordance with written controlled instructions, procedures, drawings or other documents that are appropriate to the activity.

Contrary to the above, the upgrade and dedication of a safety related component was not accomplished in accordance with the prescribed steps of the approved NLI procedure. Specifically, the upgrade procedure for Magnacraft Struthers/Dunn (MSD) time delay relays, procedure No. UP-140028-1, Rev. 3, dated September 27, 2004, had several steps which were not performed with no explanation or justification provided.

U.S. NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
DIVISION OF ENGINEERING

VENDOR INSPECTION REPORT

Report No:	99901298/2006-201
Organization:	Nuclear Logistics Incorporated 7450 Whitehall Street Fort Worth, Texas 76118
Vendor Contact:	Archie C. Bell Vice President, Quality Assurance (817) 284-0077
Nuclear Industry:	Nuclear Logistics, Inc. (NLI) supplies equipment and qualification services to the nuclear power industry and the Department of Energy (DOE). They specialize in the replacement of obsolete equipment with form, fit, and functional replacements, and third-party parts qualification and dedication.
Inspection Dates:	August 14-18, 2006
Inspection Team Leader:	Steven Dennis, DE/NRR
Inspector:	Stephen Alexander, APOB/NRR
Inspector:	Milton Concepcion-Robles, DE/NRR
Inspector:	Aida Rivera-Varona, DE/NRR

Approved By:	**/RA/**	09/21/06
	Dale F. Thatcher Quality & Vendor Branch A Division of Engineering (DE) Office of Nuclear Reactor Regulation (NRR)	Date

ENCLOSURE 2

1.0 INSPECTION SUMMARY

The purpose of this inspection was to review selected portions of the quality assurance (QA) and Part 21 of Title 10 of the *Code of Federal Regulations* (10 CFR Part 21) controls that Nuclear Logistics, Incorporated (NLI) has established and implemented. The inspection was conducted at NLI's facility in Fort Worth, Texas. The NRC inspection bases were:

- Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to 10 CFR Part 50 (Appendix B), and

- 10 CFR Part 21, "Reporting of Defects and Noncompliance."

2.0 STATUS OF PREVIOUS INSPECTION FINDINGS

NRC Inspection Report No. 99901298/98-01, dated June 10, 1998, performed at NLI's facility in Fort Worth, Texas, documented a weakness in NLI's procedures adopted pursuant to 10 CFR Part 21, "Reporting of Defects and Noncompliance," and weaknesses associated with the implementation of NLI's quality assurance program. During this inspection, the NRC inspectors evaluated NLI quality procedure NLI-QUAL-08, "10 CFR 21 Reporting," and also evaluated selected portions of NLI's QA manual and procedures. Based on our review, the NRC inspectors determined that NLI had established provisions to adequately implement the provisions of 10 CFR Part 50, Appendix B and 10 CFR Part 21. As a result, the issues described in NRC Inspection Report No. 99901298/98-01 are considered closed.

In addition, the Nuclear Procurement Issues Committee (NUPIC) performed an audit of NLI facilities from June 2 through June 24, 2005 to evaluate the adequacy and implementation of NLI's QAM as it relates to the listed supplier products/services for the nuclear industry. One finding was reported related to items that have exceeded shelf life. These items were required, per procedure SVP-51, Rev. 3, to have a Discrepancy Report (DR) associated with them. NLI could not demonstrate that DR's were issued against expired shelf life items and a couple of examples were listed in the audit. During this inspection, the NRC inspectors found that NLI had provided measures to correct the NUPIC finding. As a result, this issue is considered closed.

3.0 INSPECTION FINDINGS AND OTHER COMMENTS

3.1 10 CFR Part 21 Implementation

a. Inspection Scope

The NRC inspectors reviewed the NLI policies and procedures governing the 10 CFR Part 21 program to assure those guidelines provided adequate description of the process and implementation requirements described in 10 CFR Part 21, "Reporting of Defects and Noncompliances." Additionally, the NRC inspectors reviewed documents, such as nonconformance reports (NCRs), associated with the provisions of 10 CFR Part 21.

b. Observations and Findings

NLI-QUAL-08, "10 CFR Part 21 Reporting," Revision 8, described the methods for reporting to the NRC potential problems that could create substantial safety hazards in delivered valves, actuator control systems, and/or parts. Specifically, NLI-QUAL-08 outlined responsibilities of each department to identify customer orders and purchase orders for critical components where 10 CFR Part 21 is invoked; including posting, notification, and record retention requirements.

10 CFR Part 21 Procedure Review

The NRC inspectors review of NLI-QUAL-08 found that the procedure generally addressed the requirements for implementation of the provisions of 10 CFR Part 21. The inspectors determined that, although the procedure was generally satisfactory, it required some minor clarification to ensure effective implementation of the provisions of 10 CFR Part 21. Specifically:

- Section 5.0, "Notification of Failure to Comply or Existence of a Defect and its Evaluation," paragraph 5.2, implemented the requirements of 10 CFR Part 21.21(a)(1) and used the term "defect"; whereas it should be "deviation" until a 10 CFR Part 21.21(a)(1) evaluation determines it to be a defect.

- In Section 5.0, paragraph 5.5, the procedure did not ensure that NLI would identify and inform *all* affected (or potentially affected) licensees or purchasers of deviations or failures to comply in basic components supplied for which NLI is not capable of performing a 10 CFR Part 21.21(a)(1) evaluation.

- Section 8.0, "Documentation," described that 10 CFR Part 21 documents are to be considered safety-related records and will be maintained in accordance with the Quality Assurance Manual, implementing procedure NLI-QUAL-04, "Retention of Quality Assurance Records." NLI-QUAL-04 prescribes that the normal retention period is plant lifetime. The inspectors considered that this statement would not ensure that the record retention requirements of 10 CFR Part 21.51 (i.e., 5 years for evaluations and notifications and 10 years for names of basic components customers) would always be met considering the potential new reactor construction.

- Section 9.0, "Procurement Documents," implemented the requirements of 10 CFR Part 21.31 and stated that "purchase orders issued by NLI to vendors with nuclear quality assurance programs and other vendors who will accept 10 CFR Part 21 reporting responsibility shall contain a clause to implement this requirement." The NRC inspectors considered that this statement should simply state that all NLI's procurement documents for basic components reference the requirements of 10 CFR Part 21 as being applicable.

Posting Requirements

The NRC inspectors evaluated whether NLI had complied with the posting requirements of 10 CFR Part 21.6. The inspectors found that NLI had posted notices which included

a copy of Section 206 of the Energy Reorganization Act of 1974, a current copy of 10 CFR Part 21, and a copy of the NLI implementing procedure NLI-QUAL-08. The inspectors had no concerns in this area.

Evaluation and Notification Requirements

The NRC inspectors evaluated whether NLI had complied with the evaluation and notification requirements of 10 CFR Part 21.21. Procedure NLI-QUAL-08, Section 5.2, stated that the NCR process is the preferred method of identification of deviations and failures to comply. The NRC inspectors reviewed a sample of NCRs to verify the implementation of the procedure and compliance with 10 CFR Part 21. The inspectors noted that the NCRs were evaluated for 10 CFR Part 21 reportability and determined that NLI met the requirements of 10 CFR Part 21.21 by having adequate procedures and met the requirements of 10 CFR 21.21(b) for identifying and informing all affected customers of a deviation when NLI did not have the capability to perform a 10 CFR Part 21 evaluation. However, the NRC inspectors found examples where further clarification and description in documenting the 10 CFR Part 21 reportability evaluation and disposition would have been more effective. The examples are:

- NCR-109 documented a nonconforming assembly of wire rope clips used for safety related applications. The NLI conclusion in the reportability evaluation section of the NCR stated simply that the nonconformance was an isolated incident and not reportable under 10 CFR Part 21. No additional supporting information provided in the section. On further review of the NCR documentation, the NRC inspectors noted in the corrective action section that NLI had researched the database to find additional customers with this type of item and found none. The inspectors concluded based on the information contained in the corrective action section of the NCR that NLI had met 10 CFR Part 21 requirements and had informed all affected customers, even though the NCR reportability evaluation section had not provided the information.

- NCR-93 documented a circuit breaker failure caused by loose part on the trip latch assembly. The NLI conclusion in the reportability evaluation section of the NCR stated simply that the nonconformance was an isolated incident and not reportable under 10 CFR Part 21. No additional supporting information was provided in the section. The NRC inspectors reviewed the NCR and based on additional information contained in the main body of the NCR documentation package found that the breaker had been successfully tested prior to shipment in order for NLI to verify that the acceptance criteria were met. The inspectors concluded based on the additional information found in the NCR package that the nonconformance was not reportable and no other customers needed to be notified considering the incident apparently occurred during shipping.

- NCR-204 documented an issue at Beaver Valley in regard to a Micrologic trip breaker. NLI responsibility under 10 CFR Part 21 was to inform all possible affected customers of the issue and the NRC inspectors, initially, were not able to determine from the documentation in the NCR package that the other possible affected customer, Public Service Electric and Gas (PSEG), was notified. NLI,

after a records search, was able to provide a copy of a communication between Beaver Valley, PSEG, and NLI that discussed the issue. Based on the communication, the inspectors concluded that NLI had complied with 10 CFR Part 21 requirements for informing all affected customers. The inspectors verified that NLI added the a copy of the communication to the NCR documentation package.

c. Conclusions

The NRC inspectors concluded that the NLI QA program activities were generally acceptable and that NLI had maintained and implemented procedures for conforming to 10 CFR Part 21.6 posting requirements and 10 CFR Part 21.21(b) notification requirements.

3.2 Commercial Grade Dedication

a. Inspection Scope

The NRC inspectors reviewed NLI's commercial-grade item (CGI) dedication program and implementation to evaluate the quality activities related to the program. The inspectors reviewed dedication procedures, selected dedication packages and records, and interviewed key personnel involved in dedication activities.

b. Observations and Findings

The inspectors reviewed NLI-TECH-03, "Commercial Grade Item Dedication," dated June 30, 2006, that described the methodology utilized by NLI for performing commercial-grade dedication of replacement parts and material for use in safety-related applications. It delineated the requirements and criteria of the dedication process that include the selection of the appropriate dedication methodology, the inclusion of technical and quality requirements, and the required documentation.

The NRC inspectors reviewed the documentation associated with a sample of dedicated items/components selected from a list based on item purchase order numbers from July 2004 through July 2006. Documentation items reviewed included, as applicable; the licensee purchase order; the Standard Verification Plan (SVP) form which included the technical and quality requirements, testing requirements, acceptance criteria, and test results; Engineering Evaluations; certification documents received from the vendors (Certificate of Compliance, Certified Material Test Report (CMTR)); commercial grade survey reports for Method 2 dedications; and source verification reports for Method 3 dedications.

The NRC inspectors reviewed dedication packages for the following items:

- 3/8-inch, 4-way Solenoid Valve
- 250VDC Molded Case Circuit Breaker
- Two-Stage Pressure Switch
- Battery Charger Refurbishment

- Current Limiting Fuse, E-rate
- Relief Valve
- Differential Pressure Switch
- Micrologic Trip Unit
- Rotor Shaft
- Power Supply Repair/Refurbish/Test
- Bonnet Gasket
- Power Supply Rod Drive
- Electric Motor, 15hp
- Inverter Fan Bearing
- Heater Overloads
- Motor Control Center Bucket Replacement
- Grommet Vibration Dampening
- 120VAC Relay
- Solenoid Valve
- Reactor Trip Breaker Cradle
- Heaters
- Circuit Board Thermocouple
- Relay, Model BEI
- DC Inductor repair/refurbishment

The NRC inspectors found that a majority of the sampled dedication packages contained all the technical & quality requirements in accordance with NLI-TECH-03. However, inspectors found two nonconformances and made one observation in their review as follows.

Procurement and Dedication of a Gearbox and Fan Assembly - Purchase Order Documentation File (PODF) - 136-8521

NLI procedure NLI-QUAL-06, “Nonconformance Reporting, Corrective, and Preventive Action,” Revision 12, Section 3.1, states, in part, that a Discrepancy Report (DR) is prepared upon identification of a discrepancy condition. The procedure further states, in Section 3.2, that an evaluation of the DR will be performed to resolve the discrepancy, and the methods to be used to resolve the discrepancy can include a documentation review with supporting analysis, performance of engineering evaluations, and witnessing of additional activities or perform inspections.

Verification Plan (VP) #VP-1368521-1, Rev. 1, contained the technical and quality requirements for the dedication of a gearbox and fan assembly used in cooling towers. The VP identified the component, manufacturer and model, safety function, critical characteristics, acceptance criteria for each critical characteristic, the references for the acceptance criteria, and the verification method that in this case included a vendor source verification of Amarillo Gear, the gearbox manufacturer. The technical & quality requirements that NLI utilized for the development of critical characteristics (CC) were extracted from the original purchase order that the utility submitted to the vendor back in 1978. At the time of procurement, NLI procured the components based on the serial number.

During receipt inspection of the gearbox assembly, NLI could not find the material test

report associated with the gearbox material, and this material requirement was one of the critical characteristics to be verified. NLI then questioned Amarillo Gear about the documentation to confirm the material composition, and Amarillo Gear responded that the gearboxes were not normalized and stress relieved (as required by the critical characteristic developed by NLI). Amarillo Gear also stated in the Certificate of Conformance that the equipment supplied was equivalent to the original equipment for dimensions and materials, and referenced the original serial number. NLI documented in an equivalency evaluation that the gearbox material was not per the dedication plan, and planned to write a discrepancy report to document the material nonconformance. As a result, DR-1368521-5 was referenced in the equivalency evaluation, however, the NRC found that the DR was not written at that time. The equivalency evaluation performed by NLI stated that the original specification required that the gearbox casing be normalized and stress relieved cast iron. The equivalency evaluation further stated that, per information supplied by Amarillo Gear, the gearboxes were cast iron, but the cast iron was not normalized and stress relieved. Amarillo Gear also stated that this material requirement was not met on the original gearboxes or the replacement gearboxes supplied by them. Finally, the equivalency evaluation concluded that the replacement gearboxes were equivalent to the original, and acceptable with no additional justification.

Following conversations with NLI staff, and review of the original purchase order documentation, the NRC inspectors learned that the original material specification was never applied to the original gearboxes manufactured by Amarillo Gear. The NRC inspectors questioned NLI as to why the cited DR was not written to document the material discrepancy and the justification for acceptance or rejection of the nonconforming gearbox. NLI responded that the equivalency evaluation documented the material discrepancy and, since the original gearboxes were not supplied normalized and stress relieved, no additional justification was required. However, prior to completion of the NRC inspection, NLI wrote a DR, dated August 16, 2006, to document the issue equivalency evaluation justification issue.

After a detailed review of the aforementioned equivalency evaluation and associated documentation, the NRC inspectors concluded that NLI did not establish measures to control parts or components which do not conform to requirements. Specifically, NLI did not provide an adequate technical justification (i.e. a discrepancy report) for the acceptance of the gearboxes with the identified material discrepancy. The NRC inspectors determined that the lack of documentary evidence to justify that the gearboxes were acceptable for use is inconsistent with the NLI QAM and NLI-QUAL-04. This issue is identified as Nonconformance 99901298/2006-201-01.

MSD TDRPRO-5002 Relays for FP&L – St. Lucie - PODF 140-077

The inspectors reviewed NLI's upgrade and dedication, including seismic qualification, of commercial-grade relays from the manufacturer Magnacraft Struthers/Dunn (MSD) that were supplied to St. Lucie. Inspectors also reviewed the documentation associated with NLI's upgrade, refurbishment and re-dedication of the same commercial-grade relays originally supplied to St. Lucie by Trentec Inc. another commercial grade dedicator. Both groups of relays were sent to NLI subcontractor Vincent Enterprises (Vincent) for upgrade and refurbishment in accordance with upgrade procedure

UP-140028-1, Rev. 3.

In their records review, the inspectors noted that Vincent, in several instances, deviated from the prescribed upgrade procedure steps, however, these changes had not been previously approved or reviewed by NLI. For example, in the case of relays numbered 18280-001-00002, 00003, 00004 and 00007, procedure step 10, "Clean the contact and remove all contaminants from the relay, was marked "N/A" by Vincent and the associated preliminary test data sheet was annotated, "relay contacts inspected no contaminants." However, for relay 18280-001-00004, the word "no" was lined out and had the technician's initials, yet step 10 was still marked "N/A." In addition, for relays numbered 18280-00001, 00002, 00003, 00004, 00005, and 00007, procedure step 6.b, "clean the switch sections," was marked "N/A" with no explanation documented.

The inspectors found that although an NLI engineer had reviewed and approved the final data in UP-140028-1, Rev. 3, dated September 27, 2004, as submitted by Vincent, NLI provided no documentation that they had reviewed and approved Vincent's deviations from the prescribed procedure steps. The inspectors noted that NLI provided an e-mail from Vincent, dated August 16, 2006, explaining the reason why the steps were marked as described above, however, the issue of NLI approval prior to Vincent deviating from the prescribed procedure steps was not addressed.

The inspectors did not find and were not provided any documentation in which the NLI staff who prepared, reviewed, and approved the procedure had authorized any field changes to Vincent for performance of upgrade procedure UP-140028-1, Rev. 3. The inspectors identified this issue as nonconformance 99901298/2006-201-02 with respect to Criterion V, "Instructions, Procedures, and Drawings" of 10 CFR Part 50, Appendix B.

Dedication of an Expansion Valve - PODF 031-055R

The inspectors found that corrections were made in the data sheets for the verification of critical characteristic number two for the verification of the maximum operating pressure of the valve. Although the corrections were performed as required by procedures it was difficult for the inspectors to understand the reason for the correction because it was not documented. The inspectors determined this correction did not have a significant impact on dedication activities performed by NLI, however, the inspectors noted that NLI implementing procedures have controls in place to maintain auditable records, which would require NLI to document the justification to corrections. The inspectors identified this issue as an observation.

c. Conclusions

The NRC inspectors concluded, with the exceptions noted above, that NLI's CGI dedication program addressed the essential elements of the dedication process and that sufficient guidance for performing verification activities were adequately provided. However, Nonconformance 99901298/2006-201-01 as described above was identified during this part of the inspection for NLI's failure to document objective evidence and adequate technical justification for the acceptance of gearboxes with undetermined quality. In addition, the NRC inspectors identified 99901298/2006-201-02 with respect

to Criterion V, “Instructions, Procedures, and Drawings” of 10 CFR Part 50, Appendix B regarding a change in procedures with out adequate authorization and approval.

3.3 Training of Personnel

a. Inspection Scope

The NRC inspectors reviewed the training imparted by NLI to its auditors by reviewing NLI-QUAL-02, “Qualification and Training of NLI Personnel,” Revision 5, dated October 20, 2004, and NLI-QUAL-03, “Qualification of Quality Assurance Program Audit Personnel,” Revision1, dated October 25, 1993.

b. Observations and Findings

NLI-QUAL-02 described the requirements for the qualification and certification of NLI personnel performing activities affecting quality. NLI-QUAL-03 outlined the requirements and methodology for the qualification and certification of audit personnel. The NRC inspectors reviewed the qualifications of several individuals and determined that they were adequately qualified per NLI procedures.

c. Conclusions

The NRC inspectors determined that the NLI personnel training and qualification process requirements were consistent with the requirements of 10 CFR Part 50, Appendix B, Criterion II. The NRC inspectors identified no adverse findings in this area.

3.4 Nonconformance Control

a. Inspection Scope

The NRC inspectors reviewed procedures covering the identification and correction of the causes of deviations and nonconformances. NCRs were reviewed to assess the effectiveness of measures established to control materials, parts, or components that do not conform to requirements.

b. Observations and Findings

The NRC inspectors reviewed NLI’s nonconformance control program described in NLI-QUAL-06, “Nonconformance Reporting, Corrective, and Preventative Action,” Revision 12, dated November 30, 2004, to assess the effectiveness of measures established to control materials, parts, or components that do not conform to requirements. Any deficiency or deviation would be addressed in accordance with the corrective action program.

The NRC inspectors also reviewed a sample of NCR’s to determine the effectiveness of NLI’s identification and resolution of generic deviations and documentation of corrective actions.

c. Conclusions

The NRC inspectors determined that NLI nonconformance control requirements and implementation were consistent with the requirements of 10 CFR Part 50, Appendix B, Criterion XV. The NRC inspectors identified no adverse findings in this area.

4.0 MANAGEMENT MEETINGS AND PERSONNEL CONTACTED

4.1 Entrance and Exit Meetings

In the entrance meeting on August 14, 2006, the NRC Inspectors discussed the scope of the inspection, outlined the areas to be inspected, and established interfaces with NLI's President and several staff personnel. During the exit meeting on August 18, 2006, the NRC Inspectors discussed the inspection observations with NLI's president and staff.

4.2 Personnel Contacted

Aron Seiken	President	NLI
Archie C. Bell	Quality Assurance Manager	NLI
Alan Wong	Engineer Manager	NLI
Michael Behr	Quality Engineer	NLI
Tracy Bolt	QC Supervisor	NLI
Michael de Estrada	Project Engineer	NLI
Bob McCrory	Superintendent-Site Support	NLI